

APPROPRIATIONS REQUEST FORM OREGON HOUSE DELEGATION FISCAL YEAR 2010

Project Title: Next Generation Casting Initiative

Organization Name and address:

Precision Castparts Corporation
4650 South Macadam Ave. Suite 300
Portland, OR 97239

Primary Contact name, phone number, mobile number, fax number and e-mail:

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Project Location Address (if different from Organization):

Same as above

Describe the organization's main activities, and whether it is a public, private non-profit, or private for-profit entity:

PCC is a public traded, for profit entity.

Briefly describe the activity or project for which funding is requested (please keep to 250 words or less, subcommittee online submission will not accept more):

The defense of America depends on high technology to detect and deter potential aggression. An industry sector critical to America's defense needs is the aerospace investment casting industry which primarily produces complex titanium and superalloy castings used in structures and rotating components of current and future aerospace weapon systems. Such Sophisticated weapons require complex production processes to assure reasonable cost, delivery and superior quality. The industry has worked in a collaborative manner with weapon systems manufacturers and the Government under sponsorships primarily from DARPA and the USAF Manufacturing Technology Division. Without this ongoing investment this manufacturing capability will move overseas, along with the foundries and skilled workers. Our ability to respond to national security issues will be compromised.

The goal of the Next Generation Casting Initiative is to enhance the ability of the casting supply chain to produce components meeting quality, deliver and cost requirements. A collaborative team, including suppliers, OEMs and Government has been formed and is proactively planning to address issues relating to cast component throughput, cost and quality. This team will focus on pre-competitive issues including core quality, inspection methodology, and modeling/simulation to increase yield, allow increased component complexity, and improve basic casting practices. This program is aimed at a pervasive number of systems including the F-35, F/A-22, F/A-18, B-2, B-1B, UH-60 and other key systems. Select programs, e.g. digital

radiography, have already been started. In addition the Air Force plans to launch this initiative in FY09 as a result of an FY09 Congressional interest item.

Has this project received federal appropriations funding in past fiscal years?: Yes

If yes, please provide fiscal year, Department, Account, and funding amount of any previous funding: FY09, DoD USAF, RDT&E, \$2.5M

Federal agency and account from which funds are requested (Please be specific –e.g. Department of Housing and Urban Development, Economic Development Initiatives account):

USAF RDT&E, 0603680F Manufacturing Technologies, PE # 0603680F

What is the purpose of the project? Why is it a valuable use of taxpayer funds? How will the project support efforts to improve the economy and create jobs in Oregon?:

This important initiative will provide us with the ability to meet Department of Defense (DoD) demands for complex cast components in legacy and advanced engines and airframes as well as meet demands for lighter aerospace materials and greater fuel efficiency.

The aerospace investment casting industry is critical to America's defense needs. Sophisticated weapons require complex production processes to assure reasonable cost delivery and superior quality. Castings are used in engines and airframes primarily to reduce manufacturing cost and/or increase performance. Castings are lighter and allow for greater fuel efficiency. Sophisticated manufacturing capability demands ongoing investment in innovative manufacturing technologies to preserve America's defense technical superiority against strongly growing foreign competition. The industry suffered heavily from stock price declines of around 70% in the 2008 time period. Without this ongoing investment this manufacturing capability will move overseas, along with the foundries and skilled workers. Our ability to respond to national security issues will be compromised.

The goal of the Next Generation Casting Initiative is to enhance the ability of the casting supply chain to produce components meeting quality, deliver and cost requirements. The throughput rates for these components are very low being paced by extensive use of hand operations, cumbersome inspection methods, low part yields, and the requirement for extensive rework and repair. This efforts goal is to work these issues with an objective of increasing throughput and yield while reducing cost by a factor of 2X or greater. As our technical capability in the US stays ahead of our competition, our products perform better in the market place and our prices remain competitive we strengthen our defense industrial base and as such our national security.

The Proposed effort will provide the Department of Defense (cross cutting services – Navy, Army, Air Force and the Defense Logistics Agency and Missile Defense Agency) and industry with an integrated approach to deliver value.

Precision Castparts Corporation (PCC) (NYSE:PCP), headquartered in Portland, Oregon is the market leader in manufacturing large, complex structural investment castings, airfoils casting and forged components used in jet aircraft engines and industrial gas turbines. The project would be administered by PCC, creating and preserving skilled manufacturing jobs in Portland,

Oregon. It is expected that 90% of the funding will be used to pursue innovative production and testing techniques, paying the salaries for PCC employees.

**Have you requested funding for this project from other Members of Congress?
If so, who?**

Yes, Senator Harry Reid

Funding Details

I. Total project cost (all funding sources and all years): \$25.0M

II. Amount being requested for this project in Fiscal Year 2010: \$12.5M

III. What other funding sources (local, regional, state) are contributing to this project or activity? (Please provide specific dollar amount or percentage.):

None

IV. Do you expect to request federal funding in future years for this project?

Yes

V. Breakdown/budget of the amount you are requesting for this project in FY 2010. (e.g. salary \$40,000; computer \$3,000):

90% of the funding will be used to pursue innovative production and testing techniques, paying the salaries for PCC employees. 10% of the funds will be used to provide government oversight and program management.

VI. Please list public or private organizations that have supported/endorsed this project:

USAF

Dr. Howard W. Sizek

AFRL/RXMP

Ph: 937-904-4389

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VII. Is this project scalable? (i.e. if partial funding is awarded, will the recipient organization be able to use the funds in FY 2010?):

Yes